



SCOTT FITZPATRICK MISSOURI STATE AUDITOR

New Madrid County Investigative Summary

Summary of Significant Complaint(s) reported:

The State Auditor's Office received complaints about the New Madrid County Commission's procurement process for its health insurance provider including contracting with a firm that employs a commissioner's relative and not following procurement procedures as a whole. In addition, complainants expressed concerns over the county's payroll procedures.

Background:

New Madrid County is a county organized third-class county. The county seat is the City of New Madrid. The county's population was 16,434 in 2020, according to the U.S. Census Bureau. New Madrid County's government is composed of a three-member county commission and separate elected officials, all elected to serve 4-year terms. In addition to the elected officials the county employs 54 full- and 14 part-time employees.

Complaint Review:

Our investigation included a review of various county documents including County Commission meeting minutes, supporting documentation for selected county purchases including the health insurance provider, and payroll documentation.

Procurement

Our review of the County Commission meeting minutes noted the County Commission unanimously voted to procure employee health insurance through a firm that employs a relative of the Presiding Commissioner and the Presiding Commissioner did not abstain from the vote. The county received proposals from two insurance firms including the county's existing provider (the firm that employs the commissioner's relative). The County Commission evaluated the proposals and the minutes indicate "all three were in favor" of continuing to work with its existing firm. The Interim County Clerk indicated the Presiding Commissioner did abstain from the vote, but he made an error in the minutes as he was new. Neither the recusal nor any discussion about the Presiding Commissioner's relationship with the insurance firm were documented in the approved meeting minutes. As the vote was at least 2-0, it does not appear the vendor selection was impacted. In addition, the other proposal would have required a change from a more traditional insurance program to a "direct to employer" program where the county would essentially be self-insured and would contract with various health services providers for employee healthcare.

We also reviewed the county's procurement of 2 vehicles and painting services and noted no issues. The county appropriately advertised and requested bids for the vehicles prior to purchasing the vehicles. The county completed two painting projects in early 2025; however, both cost less than the county's threshold for informal quotes, \$6,000, and the statutory requirement for advertised bid, \$12,000. The vendor did submit a bid for the second project for \$4,250 and the County Commission reviewed and accepted that bid prior to the project starting.

County Payroll

The county contracted with a new payroll processor in November 2024 and experienced some issues after hiring the firm. For example, the vendor was not properly accounting for comp time and could not provide necessary general ledger reports. The County Clerk, County Treasurer, and County Commission acknowledged the issues during meetings and County Clerk's office staff made necessary changes to address the issues. The County Commission also asked for continued documentation of any issues for any possible contract disputes. The meeting minutes indicate the Presiding Commissioner reached out to the vendor in February 2025 to communicate the county's frustrations but the County Commission determined it would not change vendors for the March and April payrolls in order to maintain continuity. It appears the County Commission appropriately addressed the issues with the vendor during our review period.

Conclusion:

Our review did not identify any significant improper governmental activity related to reported concerns. We noted there was no documentation that the Presiding Commissioner recused himself from the vote to continue to work with an insurance firm affiliated with a relative based on the information received, giving at least the appearance of a conflict of interest. However, the vendor selection was not impacted. We will close the investigation and recommend the members of the County Commission avoid conflicts of interest by recusing themselves from votes where a relative is an interested party and ensure meeting minutes accurately reflect the actions of the County Commission.